

MOXA ARCH AREA GAS DEVELOPMENT PROJECT SCOPING NOTICE

1.0 Introduction

Oil and gas companies operating in the area known as the Moxa Arch (identified herein as the “Operators”) have proposed to continue to drill additional development wells in their leased acreage within the Moxa Arch oil and gas development area (Project Area) in southwestern Wyoming. Oil and gas leases covering these lands were issued by the Bureau of Land Management (BLM) for the United States government, the State of Wyoming, and private owners. The leases (1) grant certain rights to explore, develop, and produce the oil and gas resources underlying such leases, (2) grant certain rights for reasonable ingress and egress to explore, develop, and operate such leases, and (3) retain in the lessor a royalty interest on production.

The Project Area includes approximately 476,300 acres of mixed federal, state, and private lands in Sweetwater, Lincoln, and Uinta counties. Approximately 230,400 acres (49%) are managed by the BLM, approximately 31,700 acres (6%) are managed by the USDI Bureau of Reclamation (BOR), 13,500 acres (2%) are managed by the State of Wyoming, and approximately 200,700 acres (43%) are privately owned. The Kemmerer Field Office (FO) manages BLM surface lands and the federal mineral estate within the Project Area. The Project Area is located within Townships 15 through 23 North, Ranges 111 through 113 West, 6th Principal Meridian. It lies in an area west of Green River, Wyoming, east of Lyman and Opal, Wyoming, and south of the Fontenelle Reservoir. It is bisected by Interstate 80 through its southern third.

2.0 National Environmental Policy Act Compliance

2.1 Environmental Impact Statement (EIS) Development

The BLM has determined that permitting this proposed project constitutes a federal action that may affect the quality of the human environment. The BLM has advised the Operators that it must prepare a new or supplemental Environmental Impact Statement (EIS) to analyze the effects of their proposed development drilling in the Project Area. Pursuant to the National Environmental Policy Act (NEPA) and the Council on Environmental Quality regulations on implementing NEPA, the BLM will prepare a NEPA-compliant EIS that will describe and evaluate the potential impacts of the Operators’ Proposed Action and alternatives. The purpose of the EIS will be to provide the public and decision-makers with sufficient information to understand the environmental consequences of the Proposed Action and alternatives and to identify and develop appropriate mitigation measures to minimize environmental impacts. NEPA requires that a No Action alternative and any reasonable action alternative(s) be evaluated during the analysis process. In part, this scoping statement has been prepared to enable government agencies, the general public, and other interested parties to participate in and contribute to the alternative selection process.

2.2 Relationship of the Project to Existing Land Use Plans

The Project Area lies within BLM-administered public lands guided by the Kemmerer Resource Management Plan (RMP) (1986). Management objectives and actions applicable to the Proposed Action within the Kemmerer Resource Area are as follows:

- Oil and gas leasing will continue throughout the Kemmerer Resource Area. As oil and gas leases expire, or otherwise terminate, the areas will, in most cases, continue to be re-offered for lease.
- All public lands within the resource area have been reviewed as suitable for oil and gas leasing and development subject to certain stipulations. Resource management and protection stipulations will be developed and implemented on an “as needed” basis to prevent undue adverse impacts to other resources.

The proposed natural gas development and production project is in conformance with management objectives provided in the Kemmerer RMP.

The EIS will reference and incorporate NEPA documents that were previously developed for the Project Area, including the EIS for the *Expanded Moxa Arch Natural Gas Development Project*, June 1996 (1996 EIS). The Project Area includes all of the lands analyzed in the 1996 EIS and implemented through its Record of Decision in March 1997.

3.0 Purpose and Need

The purpose of the proposed project is to exercise the Operators’ valid existing rights and extract natural gas from the subsurface to increase the available supply of natural gas by a daily delivery of gas by approximately 425 million cubic feet. The ultimate production volume is anticipated to be at least 1.8 trillion cubic feet.

Since the issuance of the Expanded Moxa Arch EIS, drilling activities have been conducted that have led to the development of about 1,400 producing gas wells as of February 2005. Because of the success rate of drilling activities conducted since the issuance of the 1997 Expanded Moxa Arch Area EIS, the Operators anticipate that infill drilling would facilitate the extraction of additional gas resources and extend production. The Operators propose to infill drill within the same approximately 476,300 acre project area analyzed in the Expanded Moxa Arch EIS. The Operators’ proposal to conduct infill drilling among the existing wells is based on the two zones, the core and the flank, described and illustrated in the Expanded Moxa Arch Natural Gas Development Project EIS and ROD (1997). Of the additional wells proposed by the Operators, approximately 1,226 will be drilled in the proven production or “core” area and 635 in the remaining “flank” area. The anticipated life of each producing well is expected to be about 40 years.

Implementation of the Proposed Action would:

- Contribute to available natural gas supply for the national market;
- Reduce national dependence on potentially unstable foreign sources of energy;
- Contribute to the national supply of a clean-burning fuel; and

- Allow the Operators to develop natural gas pursuant to their rights under valid existing oil and gas leases granted by the BLM, State of Wyoming, and private owners.

Gas production in the Project Area will result in the generation of federal and state royalty revenues. Developing the gas resource supports the local economy by providing and maintaining employment opportunities and expanding the tax base.

4.0 PROPOSED ACTION

The Operators estimate that approximately 1,861 new wells will be drilled in the Project Area as a result of implementing this proposal. They anticipate drilling infill wells to the Frontier and Dakota formations at varying densities ranging from 67 acres to 160 acres per section in the proven production area (“core area”) and 320 acres per well in the flank area. The core and flank areas were redefined from the areas considered in the 1996 EIS such that the core area has been reduced and the flank area has been expanded. The Operators estimate approximately 1,226 additional wells will be drilled in the core area and approximately 635 additional wells will be drilled in the flank area. The Project Area contains several federal units in addition to non-unitized lands. The total number of estimated projected wells includes those wells that will be drilled in units. The total number of wells drilled will depend largely on factors outside of the Operators’ control, such as production success, appropriate engineering technology, economic factors, commodity prices, availability of commodity markets, and lease stipulations and restrictions.

Approximately 75% of the new wells drilled south of the northern boundary of Township 20 North may produce gas from both the Frontier and the Dakota formations, commingled downhole per WOGCC Order 155-91. Production commingled in the same well bore will not result in additional surface disturbance because downhole commingling reduces the need to drill separate wells to distinct formations. The Frontier Formation is not producible north of that boundary. Although the Operators may decide to utilize alternative drilling and production techniques in order to reduce environmental impacts, this proposal assumes that the additional wells as described herein will be drilled conventionally, i.e., with vertical well bores.

All proposed wells are anticipated to be drilled during an approximate 10-year period after project approval. Although actual operations are subject to change as conditions warrant, the Operators’ long-term plan of development is to drill additional wells at the rate of approximately 186 wells per year or until the resource base is fully developed. The average anticipated life of a well is expected to be 40 years.

The associated facilities required by the Project will include roads, gas pipelines, and separation, dehydration, metering, and fluid storage facilities. Gas will be transported via subsurface pipeline to centralized compression and treatment facilities. Produced water will be transported by truck to produced water disposal wells or to commercially owned evaporation ponds or wells. Project development will result in the use of roads previously constructed and currently used in the Project Area as well as the construction of new roads. New roads are expected to consist

primarily of access roads, using existing arterial roads for main access to the Project Area.

As of February 10, 2005, the Moxa Project Area contained approximately 1,400 producing gas wells. The total number of existing wells includes all wells drilled on federal, state, and private surfaces. Dry and abandoned and plugged and abandoned wells are not considered producing wells and are not included in this total.

5.0 PRELIMINARY RESOURCE ISSUES FOR NEPA ANALYSIS

The following resource issues have been identified as being related to the Proposed Action:

- Effects on biological resources including crucial big game winter range, sage grouse, pygmy rabbits, and other species of concern.
- Effects on livestock forage.
- Effects of development on air quality.
- Socio-Economic effects
- Effects on soils, water quality, and vegetative resources within the project area.
- Effects on archeology, paleontology, etc.
- Transportation
- Recreation

6.0 PUBLIC PARTICIPATION

A critical element of the NEPA process is public scoping. Scoping activities are initiated early in the process to:

- Identify issues of concern related to the Proposed Action;
- Determine the depth of the analysis for issues addressed in the NEPA document; and
- Identify reasonable alternatives to be evaluated in the NEPA document.

The public is encouraged to participate during the scoping process to help identify the scope of the analysis needed, alternatives to the Proposed Action, other issues or concerns that should be analyzed, mitigation opportunities, and any other comments or ideas to help ensure the completeness of the analysis process. **Your written comments will be accepted on or before December 2, 2005.** Please submit your written comments to:

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Public meetings to discuss the proposed project will be held at 6:00 PM for the following dates and locations. A brief presentation of the project and the NEPA process will begin at 6:30 PM each night.

Monday November 14, 2005
Uinta County Public Library
701 Main Street
Evanston, Wyoming

November 15, 2005
White Mountain Public Library
2935 Sweetwater Drive
Rock Springs, Wyoming

November 16, 2005
Lyman Town Hall
100 E Sage Street
Lyman, Wyoming

November 17, 2005
Lincoln County Public Library
519 Emerald Street
Kemmerer, Wyoming